

EVALUATION OF THE IMPLEMENTATION OF THE PURWOREJO DISTRICT GOVERNMENT INTERNAL CONTROL SYSTEM (SPIP) BASED ON ISO 31000:2018 RISK MANAGEMENT GUIDELINES

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Abstract

Risk management in local government is very important as an effort to maximize the achievement of organizational goals. This article aims to evaluate the implementation of the Government Internal Control System (SPIP) in Purworejo Regency based on the principles and framework of risk management ISO 31000: 2018 and the OECD Best Practice Principles for Regulatory Policy framework. The evaluation was conducted through document analysis of Purworejo's SPIP guidelines and comparators from ISO. The results of the study show that the implementation of SPIP has adopted some of the ISO 31000 principles structurally, but still faces obstacles in the aspects of integration, monitoring, and stakeholder involvement. Purworejo's SPIP shows that formal documents, such as Regent Regulations and Decree on the formation of an internal control team, are available. However, the integration has not touched all levels of the organization evenly. Recommendations for improvement include increasing the capacity of human resources, digitizing the risk information system, and establishing standardized key risk indicators.

Keywords: SPIP (Government Internal Control System), Risk Management, ISO 31000, Local Governance, Public Policy Evaluation

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INTRODUCTION

Risk management in the public sector is an important part of the governance of public sector organizations that are responsible for ensuring the sustainability of effective, transparent and adaptive governance to dynamics originating from internal and external environments. Government organizations, including local governments, are faced with strategic and operational risks that can have a direct impact on the successful achievement of development goals and the delivery of public services. These risks can come from fiscal uncertainty, national policy dynamics, economic crises, and natural disasters. According to [Irianto & Amirya \(2024\)](#) the Government must deal with various obstacles and uncertainties that can interfere with the smooth implementation of their work programs. These risks can be internal, such as weak control systems, or external, such as regulatory changes or political dynamics that are difficult to predict. Therefore, risk management is an element that cannot be ignored in managerial and public policy processes.

The Government of Indonesia has built the foundation of public sector risk management through the Government Internal Control System (SPIP), as stipulated in Government Regulation No. 60/2008. SPIP aims to provide adequate assurance on the achievement of effectiveness and

efficiency in achieving government objectives, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. As a form of SPIP implementation, the Financial and Development Supervisory Agency (BPKP) issued Deputy Regulation No. 4 of 2019 concerning Risk Management Guidelines for Local Governments, which serves as a reference for the implementation of risk management at the regional level ([BPKP, 2019](#)). In the guidelines, local governments are directed to establish a risk management structure, prepare systematic risk identification and assessment, and establish control action plans (RTP) that are integrated in work planning and budgeting. These guidelines are technical in nature and adapt to the characteristics of local government organizations. However, the implementation of SPIP at the local government level is inseparable from various structural and cultural challenges. The reality on the ground is often still constrained by a lack of understanding of risk management principles, limited human resources, and weak leadership commitment in making risk part of decision making ([Irianto & Amirya, 2024](#)). Most regional apparatus organizations (OPDs) still view risk management as an administrative obligation, not as a strategic mechanism in achieving institutional goals. In many cases, the preparation of risk documents is done sectorally without strong links to planning documents such as RPJMD or Renstra. In addition, leadership involvement is often symbolic, and risk management information systems have not been digitally integrated. Previous research shows similar implementation conditions. Most local governments still understand SPIP as an administrative document, not a strategic decision-making tool ([Nasir et al., 2024](#)), which also found that risks are often prepared without being linked to organizational goals and not based on accurate data. They also stated that SPIP documents are prepared simply to fulfill reporting obligations, not for risk-based decision making. In another case, [Irianto & Amirya \(2024\)](#) stated that the lack of ISO 31000-based training led to DPOs not understanding the importance of risk management in the planning and budgeting process. This study also highlighted that risk leadership is still weak because OPD leaders are not active in risk identification forums, and that there is no cross-OPD coordination forum to harmonize strategic risk mitigation. To strengthen public sector risk management, an international standard-based risk management approach is relevant to adopt. ISO 31000:2018 is a global standard that provides guiding principles, frameworks, and processes in risk management that can be applied by various types of organizations, including local governments. ISO 31000 emphasizes that risk management should be integrated into all organizational processes, supported by strong leadership, participation of all stakeholders, and effective risk communication ([ISO, 2018](#)).

The ISO 31000 standard consists of three main components: risk management principles, risk management framework, and risk management process. The principles include integration, structure and comprehensiveness, adaptation to organizational context, inclusiveness, dynamic, best-informed, considering human and cultural aspects, and continuous improvement. These principles are in line with the spirit of bureaucratic reform in Indonesia, which calls for a transparent, accountable and risk-responsive government. Purworejo Regency is one of the local governments that has developed internal risk management guidelines based on provisions from BPKP. The guidelines include the establishment of a risk management unit in each regional apparatus organization (OPD), the stages of risk identification, risk analysis and evaluation, and the preparation and implementation of the RTP. The structure is in place, but the effectiveness of its implementation is still a challenge, especially in the aspects of monitoring, risk reporting, and active leadership involvement. Evaluation of SPIP implementation in Purworejo Regency with reference to ISO 31000 is important to determine whether risk management has been carried out in an integrated and sustainable manner. ISO 31000 provides a reference that risk management should not be separated from organizational processes, starting from strategic planning, goal setting, budgeting, to the implementation of activities. In this case, the alignment between SPIP and ISO 31000 is key to improving risk management maturity at the regional level. To strengthen the foundation of risk management, international approaches based on the ISO 31000:2018 standard

and the OECD Best Practice Principles for Regulatory Policy framework are relevant for comparison. ISO 31000 provides guidelines for structured risk management principles, frameworks and processes, including aspects of integration, participation, data-based information and continuous improvement ([ISO, 2018](#)). Meanwhile, OECD encourages the implementation of Regulatory Impact Assessment (RIA) which emphasizes stakeholder involvement, institutional accountability, and evidence-based evaluation ([OECD, 2020](#)).

Previous research by [Nasir et al. \(2024\)](#) in Brebes Regency showed that the main obstacles in the implementation of SPIP lie in the aspects of technical understanding of the apparatus, the lack of system digitization, and the weak involvement of top management in the risk decision-making process. This finding is in line with the conditions that occur in Purworejo District, where risk documents have been formally prepared, but have not been used as the basis for formulating policies or budgeting work programs. Another study by [Irianto & Amirya \(2024\)](#) highlighted that in many local governments, risk management is still understood as an administrative obligation. Risk assessments are not conducted cross-sectorally and are rarely linked to OPD key performance indicators (KPIs). In fact, ISO 31000 requires risks to be identified and analyzed based on their relationship to the achievement of organizational goals. In this context, the preparation of the RTP is also often not supported by budget allocations in the DPA so that control plans cannot be optimally realized. Kabupaten Purworejo needs to re-evaluate its risk management process by adjusting the principles of ISO 31000. One fundamental aspect that needs to be strengthened is risk leadership. ISO emphasizes that leadership plays an important role in creating a risk-aware culture, encouraging risk-based decision making, and overseeing the implementation of mitigation. In the SPIP guideline, the OPD leader is designated as the person in charge of risk. However, in practice, this responsibility is often delegated to technical staff so that the strategic commitment of the leadership is weak. Another aspect is the involvement of all stakeholders in the risk management process. ISO 31000 recommends an inclusive process, where all affected and involved parties are given space to submit risk information and control strategies. This has not fully happened in Purworejo District, where the preparation of risk documents is still done behind closed doors by internal OPD teams without any cross-OPD consultative forums or community involvement. In addition, the risk management information system in Purworejo District is still done manually and is documentary in nature. ISO 31000 recommends using the best available data and information in the risk analysis process. Thus, digitizing risk reporting and monitoring is an urgent need to strengthen control and accountability processes.

The purpose of this article is to evaluate the implementation of SPIP in Purworejo Regency based on the risk management principles, frameworks, and processes stipulated in ISO 31000:2018. This research aims to identify implementation gaps between local guidelines and international standards, and develop strategic recommendations that can be implemented in stages. The research approach is descriptive-qualitative with the main sources being Purworejo SPIP guideline documents, ISO 31000:2018 standards, and scientific literature from accredited national journals. It is expected that the results of this study can be input for local governments in improving the implementation of SPIP so that it is not only a form of administrative compliance, but also able to contribute significantly to the achievement of regional development goals in a sustainable manner. The integration between SPIP and ISO 31000 will strengthen a control system that is not only document-based, but also oriented towards changing organizational behavior towards governance that is more proactive towards risk.

LITERATURE REVIEW

Evaluating the implementation of the Government Internal Control System (SPIP) in the regions requires a comprehensive and flexible approach. An approach based on the ISO 31000:2018 framework and OECD Best Practice principles in regulatory policy can provide a strong basis for this

strategic evaluation. This approach emphasizes that risk management systems must be truly implemented in all governance processes, not just written in regulations, especially to support regional development goals. ISO 31000:2018 provides global guidance for managing risk, containing principles, frameworks and processes that can be used by public and private organizations. The standard is designed to create a systematic, logical and proactive approach to risk management. The principles include integration, comprehensive structure, customization, inclusiveness, dynamic, best-informed, attention to human/cultural factors, and continuous improvement. In public organizations, these principles aim to strengthen proactive, results-oriented evidence-based decision-making. The OECD Best Practice Principles for Regulatory Policy also provide guidance on designing and evaluating effective public policies. The principles include: political commitment to regulatory quality, stakeholder involvement, policy impact evaluation (RIA), information transparency, institutional accountability, and continuous monitoring and evaluation. These OECD principles are in line with public sector risk management as they both emphasize the need for integration between policy processes, risks, and organizational responsibilities.

In Indonesia, [BPKP \(2019\)](#) regulates local government risk management techniques through Deputy Regulation No. 4 of 2019. This guideline requires each Regional Apparatus Organization (OPD) to identify strategic and operational risks, create a risk map, analyze the level of risk, and prepare a Control Action Plan (RTP) integrated in the work plan and budget. The goal is to build a control system to prevent failure to achieve goals and improve the effectiveness of local government tasks. However, several studies show that SPIP implementation has not been optimal. Research by [Nasir et al. \(2024\)](#) in Brebes Regency found that SPIP has not been fully integrated with the planning and budgeting process. Risk identification is often only an administrative obligation, not part of the organization's strategy. OPD leadership involvement is minimal, and risk documents tend to be annual report formalities. Similar findings were reported by [Irianto & Amirya \(2024\)](#) in the journal *Equity*, which highlighted the main obstacles, namely the lack of understanding of the concept of risk and the weak technical capacity of sustainable risk management. The normative SPIP approach has not been able to build a risk-aware culture.

Based on these findings, this study will analyze the implementation of SPIP in Purworejo Regency. In Purworejo, SPIP documents, risk management units, SOPs, and annual RTPs have been prepared according to BPKP guidelines. However, initial observations show that the principle of integration has not been optimized. Risk has not been the main reference in the preparation of the Local Government Work Plan (RKPD) or the OPD Strategic Plan (Renstra). The preparation of risk documents is still dominated by technical staff without strategic direction from the leadership. This shows the weakness of the OECD commitment and buy-in principle and leadership in ISO 31000. This finding shows the gap between BPKP guidelines and field practice. ISO 31000 principles such as integration, leadership and continuous improvement have also not been fully realized. For example, stakeholder engagement (inclusive principle) is low, and integration of the RTP into the budget (integration principle) is weak. There is no effective risk monitoring system (e.g. Key Risk Indicators/KRIs), making risk evaluation sporadic. The OECD stakeholder engagement principle has also not been fully implemented. In Purworejo, there is no cross-sector consultation mechanism in the identification and determination of risks, even though it is important to identify systemic risks. This lack of engagement affects the validity and effectiveness of the RTP. The ISO governance of risk and OECD governance of RIA principles emphasize the importance of risk management integration into the organization's governance system. In Purworejo, integration between SPIP and the local planning system is weak. There is no formal mechanism that ensures the RTP is included in the budgeting document (DPA), so many RTPs are not implemented because there is no budget. Monitoring and evaluation principles are also not effective. There is no risk information system to monitor the implementation of the RTP on a regular basis, even though ISO recommends the use

of KRIs and updated risk registers. As a result, risk evaluation is only carried out when there is an audit or incidental inspection.

Based on this review, the focus of this research analysis is to explore the extent to which SPIP implementation in Purworejo Regency has adopted ISO 31000 principles and OECD Best Practices. The focus is not on testing relationships between variables, but rather identifying implementation patterns, structural barriers, and opportunities for improvement from the perspective of institutional practices and risk governance principles.

METHODS

This research uses a descriptive qualitative approach with a case study, which aims to describe in depth the implementation of the Government Internal Control System (SPIP) in Purworejo Regency based on its conformity with the principles of ISO 31000: 2018 and OECD *Best Practice Principles for Regulatory Policy*. This research uses the Government Internal Control System (SPIP) document in Purworejo Regency. This research does not aim to test hypotheses, but rather to explore phenomena, identify practice patterns, and evaluate the implementation of risk-based policies at the local government level.

RESULTS

ISO 31000:2018 regulates risk management principles and frameworks that are universal and can be applied in the public sector. Evaluation of the implementation of SPIP in Purworejo Regency shows varying levels of conformity to the principles set out in ISO 31000. Leadership Integration and Commitment is a key prerequisite in ISO 31000. Purworejo's SPIP shows that formal documents, such as the Regent Regulation and Decree establishing the internal control team, are in place. However, the integration has not touched all levels of the organization equally. Some DPOs show a low understanding of risk management roles and responsibilities. This indicates that although commitment at the regional leadership level is visible administratively, the active involvement of all work units in risk management has not yet been established systemically. In fact, ISO 31000 emphasizes the importance of a risk culture that grows thoroughly from leaders to technical implementers. In the aspect of risk identification and analysis, SPIP still shows a reactive pattern. The risk identification process tends to be carried out as part of audit activities by the Regional Inspectorate, not as a routine practice carried out by each OPD. This is contrary to ISO 31000, which requires the risk identification process to be carried out thoroughly, documented, and based on the participation of all internal stakeholders. Some OPDs are known not to have developed risk maps, and not all activities have clear risk indicators. This situation results in the risk mitigation process being late and poorly planned. The evaluation and monitoring aspects of SPIP also do not fulfill the principle of continual improvement as stipulated in ISO. Evaluation of the effectiveness of risk control is only carried out occasionally, especially during the SPIP maturity assessment by BPKP. There is no systematic internal monitoring cycle by OPDs independently. In addition, evaluation results have not always resulted in concrete follow-up or structural improvements in the internal control system. In fact, ISO requires organizations to continuously evaluate the effectiveness of risk control and make improvements based on performance feedback. Finally, in terms of communication and consultation, Purworejo's SPIP has not established a cross-organizational risk communication mechanism. There is no risk forum between OPDs, and risk discussions are still centered on the Inspectorate's supervisory function. This lack of risk information disclosure inhibits the creation of a shared understanding of regional strategic risk priorities. In ISO 31000, risk communication is a key element to build a risk culture and involvement of all lines of the organization. Therefore, strengthening two-way communication needs to be a priority in the development of SPIP going forward.

OECD formulates the principles of ideal regulatory governance, such as evidence-based policy, transparency, accountability, *regulatory impact assessment* (RIA), and public participation. If these principles are used as benchmarks, then the implementation of SPIP in Purworejo Regency is still in the early stages of implementation. In the principle of *evidence-based policy making*, SPIP has produced internal audit reports and mapping of risk findings. However, the use of data and information from the results of internal control as a basis for policy decision making has not been consistent. SPIP functions more as an administrative supervisory tool than a risk-based policy support system. This indicates that *evidence-based* practices are not yet fully embedded in the process of planning and determining regional programs. In terms of transparency and accountability, there is a mechanism for reporting supervisory results to the regional head and following up on audit findings internally. However, external publication of SPIP results is still very limited. The general public does not have access to information on internal control evaluation results, so the principle of transparency has not been fulfilled optimally. The OECD emphasizes that disclosure of public policy information is an important pillar in building citizens' trust in government. *Regulatory impact assessment* (RIA) as a strategic OECD principle has not been adopted in the regulatory control system in Purworejo. There is no explicit risk or impact assessment of regulation before the policy is implemented. In fact, the application of RIA can minimize ineffective policies and encourage the efficient use of public resources. The absence of this approach shows that SPIP has not been substantially connected to the regional regulatory process. In addition, public consultation has also not been part of the internal control process or regional policy making. This is contrary to OECD principles that emphasize the need for participatory mechanisms to accommodate input from citizens before a policy is adopted. The absence of formal channels for public consultation makes the resulting policies vulnerable to being unresponsive to the needs of the community. In terms of performance-based regulation, SPIP still dominantly measures success based on administrative outputs such as document completeness and audit results, not based on control performance outcomes against real risks in the field. The OECD encourages a results-based approach so that public policies not only fulfill compliance aspects, but also have a real impact on the efficiency and effectiveness of public services.

From the results of the evaluation, it can be concluded that the SPIP of the Purworejo District Government only partially fulfills the principles of ISO 31000: 2018, especially in the formal structural aspects. However, from the substantive side, the implementation of risk control still needs to be strengthened, especially in the aspects of identification, monitoring, and communication. Meanwhile, from the OECD perspective, SPIP is still far from meeting the principles of good regulatory governance, especially in the elements of public participation, use of data as a basis for policy, and assessment of regulatory impact.

CONCLUSION

The evaluation results show that the Purworejo District Government's SPIP implementation is not fully aligned with the principles of risk governance as stipulated in ISO 31000:2018 and the principles of public regulation according to the OECD. This finding confirms a number of previous studies, such as those conducted by Indriani and Siswantoro (2023), which state that the main weakness in SPIP implementation in the Indonesian public sector lies in the weak internalization of risk systems at the operational level. From the point of view of ISO 31000, the main obstacle in the implementation of SPIP lies in the weak process of identifying and monitoring risks by each OPD. This shows that the risk management function has not been embedded as a daily managerial responsibility, but is still additional and incidental. This contradicts the principle of integrating risk systems into the organizational structure and decision-making that is the main focus of ISO 31000. Moreover, the absence of a risk communication forum between work units hinders the formation of a comprehensive and collaborative risk culture. Meanwhile, the OECD principles highlight the

gap between the internal control structure that has been established and the effectiveness of the resulting regulations. The non-implementation of Regulatory Impact Assessment (RIA) and public consultation mechanisms shows that policies born from the internal control process have the potential to lack public legitimacy and poor long-term impact perspective. In fact, the OECD explicitly emphasizes the importance of participatory and evidence-based processes to produce regulations that are effective and acceptable to the wider community.

This discussion also shows that the current SPIP implementation still tends to be oriented towards administrative compliance (compliance-based) rather than encouraging risk-based decision making. This is reinforced by the results of the SPIP maturity assessment which places Purworejo Regency at the "developing" level, meaning that internal control has been implemented, but has not yet fully become part of a structured and sustainable managerial system. The weakness of this implementation cannot be separated from several main factors, including uneven human resource capacity, budget limitations, and lack of technical understanding of the systemic risk approach. In addition, the lack of integration between SPIP and the regional planning and budgeting system also weakens the effectiveness of the internal control function. Thus, improving SPIP implementation requires not only new technical instruments, but also stronger institutional commitment and organizational culture transformation.

Based on the evaluation, it can be concluded that the implementation of SPIP in Purworejo Regency has shown the existence of a formal risk control structure, but it has not been fully integrated substantially into the organization's management process. From the perspective of ISO 31000:2018, some principles such as organizational structure and initial commitment have been met, but the implementation of risk identification, periodic evaluation, and risk communication is still weak. Meanwhile, based on OECD Best Practice principles, SPIP implementation is still far from optimal, especially in the aspects of public consultation, regulatory impact assessment, and use of data in policy decision making. Thus, SPIP is still at the compliance-oriented stage, and has not transformed into a strategic and adaptive risk management tool. This is a serious challenge for LGs in building good, transparent, and accountable governance as mandated in national legislation and international standards.

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